

FILED

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)

FEB 19 2001

CLERK'S OFFICE
U. S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
BALTIMORE

In re:

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FRANK'S NURSERY & CRAFTS,
INC., *et al.*,

*

Case No: 01- 52415-JS THAWON 01-52416-JS
(Chapter 11)

Debtor.

*

(Jointly Administered)

* * * * *

**DEBTORS' MOTION FOR ORDER EXTENDING THEIR TIME TO ASSUME
OR REJECT UNEXPIRED LEASES OF NON-RESIDENTIAL REAL PROPERTY**

Frank's Nursery and Crafts, Inc. ("Frank's") and FNC Holdings, Inc. ("FNC"), the above-captioned debtors and debtors in possession herein (collectively, the "Debtors"), by counsel, file this Motion for Order Extending Their Time to Assume or Reject Unexpired Leases of Non-Residential Real Property (the "Motion"), and in support thereof state:

Jurisdiction

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue lies properly in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157.

2. The relief sought with this Motion is based upon section 365(d) of title 11 of the United States Code, 11 U.S.C. §§ 101 *et. seq.* (the "Bankruptcy Code") and Rule 9006 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

The Chapter 11 Cases

3. On the date hereof (the "Petition Date"), each of the Debtors filed with this Court a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code. The Debtors continue in possession of their respective properties and the management of their

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respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

4. By motion submitted to the Court concurrently herewith, the Debtors seek entry of an order authorizing the procedural consolidation and joint administration of these cases.

The Debtors and Their Business Operations

5. Frank's, founded in 1949, operates the largest United States chain (as measured by sales) of specialty retail stores devoted to the sales of lawn and garden products. Lawn and garden products include green and flowering plants for outdoor and indoor usage, live landscape products such as trees and shrubs, fertilizers, seeds, bulbs, gardening tools and accessories, planters, watering equipment, garden statuary and furniture, wild bird food and feeders, mulches and specialty soils. Frank's also is a leading retailer of Christmas Trim-A-Tree merchandise, artificial flowers and arrangements, garden and floral crafts, and home decorative products. FNC (formerly known as General Host Corporation) is the sole shareholder of Frank's.

6. As of February 9, 2001, Frank's operated 217 retail stores in 15 states, primarily in the Mid-Atlantic, Midwest and Northeast. At that time, an additional 44 stores were being closed as part of a previously announced plan to sell under-performing store locations. In its fiscal year ending January 28, 2001, Frank's had sales of approximately \$435 million. Currently, the Debtors employ approximately 1,900 full-time and 5,000 part-time employees. As of November 5, 2000, the Debtors had total assets of approximately \$471.9 million and total debt of approximately \$338 million.

7. The Debtors' sales are seasonal. The lawn and garden revenues are concentrated principally in the Spring and, to a lesser extent, in the Fall. The Trim-A-Tree sales occur between Thanksgiving and Christmas.

8. During most of the first half of 2000, weather patterns negatively impacted lawn and garden product sales across the Debtors' principal markets. During the third quarter of 2000, the Debtors decided to close 44 under-performing stores, liquidate their inventories, and sell the closed stores owned by the Debtors. Later in 2000 it became apparent that the Debtors' Trim-A-Tree holiday season sales were below expectations, which was consistent with the general softness in sales at retailers during this period.

9. In 2001, notwithstanding excess borrowing availability under their existing bank credit facilities, the Debtors were unable to draw down sufficient funding to meet the Debtors' working capital needs because the Prepetition Lenders asserted that various conditions to borrowing had not been met. (The Prepetition Lenders, however, did provide limited funding subject to various conditions.) Also, in the relatively short period since access to their credit facilities had been curtailed, the Debtors were unable to secure additional funding to meet those working capital needs. Ultimately, the Debtors determined the most appropriate method to obtain such financing and achieve their restructuring objectives was through chapter 11 filings.

The Leases

10. Prior to the Petition Date, the Debtors entered into or obtained various leases (the "Leases") for real property, including, without limitation, ground leases and building leases, with various lessors (the "Lessors") whereby the Debtors, as lessees, agreed to lease from the Lessors certain non-residential real property and certain associated buildings or space as set forth in the Leases. The term, rent payable, and other charges and provisions vary under each of the Leases.

The Request For Extension Of Time To Assume Or Reject

11. Section 365(d)(4) of the Bankruptcy Code provides, in relevant part, that if the Debtors fail to assume or reject an unexpired lease of non-residential real property under which the Debtors are the lessees “within sixty (60) days after the date of the order for relief, or within such additional time as the court, for cause, within such sixty (60) days period, fixes,” then such lease is deemed rejected. See 11 U.S.C. § 365 (emphasis added).

12. The sixty (60) day period following the entry of the Order for Relief in these cases will expire in mid-April, 2001.

13. The Debtors respectfully request that the Court grant additional time, until the date of confirmation of the Debtors’ plan of reorganization, within which to assume or reject the Leases. The Debtors represent that they intend to remain current on their post-petition obligations to the respective Lessors under the Leases. The Debtors desire additional time to determine whether the assumption or rejection of the Leases is in the best interest of their estates (the “Estates”) and creditors. The extensive nature of the Debtors’ operations necessitates a careful review and investigation to identify all leases of the Debtors. Given this very early stage in these cases and the yet-to-be-completed development of a plan of reorganization, the Debtors also need additional time to evaluate each of the Leases in developing said plan.

14. Further, the Debtors require the additional time because following the Petition Date, the Debtors’ management must devote substantial time and attention to a variety of administrative matters arising from the chapter 11 filings, as well as continuing day to day business affairs.

15. The Debtors are requesting an extension of time through confirmation, subject to the right of any Lessor to seek a reduction of such time for cause, so that the Debtors

will have sufficient time to complete a thorough and proper evaluation of the Leases before making a decision regarding assumption or rejection.

16. The Debtors are not presently aware which, if any, of their holdings ultimately may be classified as a leasehold subject to the time constraints of section 365(d) of the Bankruptcy Code. Accordingly, this Motion is, in part, precautionary and intended to prevent any unforeseen forfeiture of rights. The benefits of the relief sought outweigh any detriment to any potential section 365(d) Lessors, as the Debtors propose to allow any such landlord to seek a shortening of the extension sought herein, for cause, upon notice to the Debtor and other parties in interest.

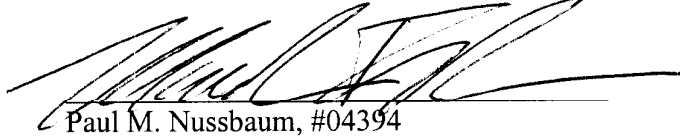
Conclusion

WHEREFORE, the Debtors respectfully request that the Court enter an Order, in the form of the proposed order annexed hereto, (i) extending the time to assume or reject executory leases of non-residential real property until the date of confirmation of the Debtors' Plan of Reorganization, and (ii) granting such other and further relief as the Court deems just and proper.

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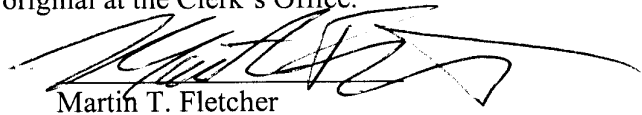
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Co-Counsel for the Debtors,

Frank's Nursery & Crafts, Inc., et al.

CERTIFICATE OF SERVICE

I certify that on this 19th day of February, 2001, a copy of the foregoing pleading was sent by the means indicated and to the parties identified on the Omnibus Certificate of Service filed concurrently with this pleading. In order to expedite the copying and transmittal of pleadings to parties in interest, a copy of the Omnibus Certificate of Service was not transmitted with the pleading. Any party desiring a copy of the Omnibus Certificate of Service may contact the undersigned or may review the original at the Clerk's Office.



Martin T. Fletcher